

## ADMINISTRATION DEPARTMENT

### MEMORANDUM CRA

DATE: March 25, 1999

TO: Harry Venis, Mayor  
James Bush, Vice Mayor  
Kathy Cox, Councilmember  
Judy Paul, Councilmember  
Richard Weiner, Councilmember

THRU: Robert Rawls, Interim Town Administrator

VIA: Will Allen, Programs Administrator

BY: Glenn Irwin, Redevelopment Administrator

RE: Request for approval of a repayment plan for the CRA Commercial Loan Subsidy Program

Approximately three years ago, the Town Council approved a loan of up to \$100,000 to the Davie CRA to commence its CRA Commercial Loan Subsidy Program. Since then, the CRA has paid out approximately \$32,681.15 to assist several businesses to expand, construct and improve their businesses. The CRA has also committed the balance of funds for several other projects to do likewise. The Program has proven to be an excellent way for the CRA to leverage its funds and redevelop the area, while increasing the tax rolls.

However, when the money was approved by the Town Council, there was not a formalized repayment plan approved. Therefore, this resolution will require the CRA to commence repaying the actual funds expended for this Program over a five year period. The first repayment would be made in October, 1999 and would be determined each year based upon the actual expenditures of the Program and current interest rate. The CRA also wishes to have the opportunity to repay the loan earlier than five years if it so desires and wishes to pay \$20,000 a year for principal repayment. In essence, the way this repayment will be treated is as a line of credit; the CRA will only use funds that are paid out to private businesses.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, APPROVING A LOAN REPAYMENT PLAN BETWEEN THE TOWN OF DAVIE AND THE DAVIE COMMUNITY REDEVELOPMENT AGENCY FOR FUNDING TOWARDS CRA COMMERCIAL LOAN SUBSIDY PROGRAM

WHEREAS, approximately three years ago the Town Council approved funding of up to \$100,000 for the CRA Commercial Loan Subsidy Program; and

WHEREAS, this Program has been used to assist new and existing businesses to expand, improve and construct within the redevelopment area; and

WHEREAS, the repayment of these funds was not formalized; and

WHEREAS, the CRA has agreed to repay the amount borrowed over five years with a minimum principal payback of \$20,000 per year; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council does hereby approve a loan repayment plan ("Exhibit A") from the Davie CRA for an amount not to exceed one hundred thousand dollars (\$100,000) in principal towards the CRA Commercial Loan Subsidy Program .

SECTION 2. The Town Council will allow such borrowed funds to be repaid earlier than the five year plan by the Davie CRA, at the discretion of the Davie CRA.

SECTION 3. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1999

MAYOR/COUNCILMEMBER

ATTEST:

\_\_\_\_\_  
TOWN CLERK

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 1999

**Exhibit "A"**  
**CRA Repayment Schedule**  
**\$100,000 CRA Commercial Loan Subsidy Program**

10/1/99	\$23,257
10/1/00	\$23,257
10/1/01	\$23,257
10/1/02	\$23,257
10/1/03	\$23,257

\$100,000 principal and \$16,285 interest

**Rate is Assumed At 5.25%, But Will Vary According To The Terms Of The Instrument Eventually Implemented By The Town. The Current Actual Rate Is Approximately 4.01% (67% LIBOR + 70 Basis Points). In The Event The Town Has Not Issued Debt But Utilizes In House Funds, The Rate Will Be At The Rate Attained From The Town's Investment Pool. That Rate Is Now Currently 5.2%.**

**Loans will be repaid within 5 years of the date the loan was made to the business.**

**This illustration is for the full amount of \$100,000. Lesser amounts borrowed will be adjusted for the principal outstanding and the interest rate adjustments noted above.**